

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA**

**Minute Entry**

**Hearing Information:**

**Debtor:** GILBERT HOSPITAL, LLC  
**Case Number:** 2:14-BK-01451-MCW **Chapter:** 11  
**Date / Time / Room:** MONDAY, OCTOBER 01, 2018 01:00 PM 7TH FLOOR #702  
**Bankruptcy Judge:** MADELEINE C. WANSLEE  
**Courtroom Clerk:** CHRISTINA JOHNSON  
**Reporter / ECR:** MICHELLE RADICKE-STEVENSON

**Matters:**

- 1) CONTINUED HEARING ON UNITED STATES TRUSTEE'S MOTION TO DISMISS CASE  
**R / M #:** 1,941 / 0
- 2) HEARING ON POTENTIAL ORDER OF CONVERSION TO CHAPTER 7 (as discussed and set in open court on 8/1/18)  
**R / M #:** 0 / 0
- 3) MOTION TO REMOVE AND REPLACE TRUSTEE FILED BY CREDITOR SOUTHWEST MEDICAL SERVICES, INC.  
**R / M #:** 2,015 / 0
- 4) STATUS HEARING ON GILBERT HOSPITAL USC TRUST'S FIFTH OMNIBUS OBJECTION TO CLAIMS  
**R / M #:** 1,944 / 0

**Appearances:**

THOMAS J. SALERNO, ATTORNEY FOR GILBERT HOSPITAL TRUST  
EDWARD K. BERNATAVICIUS, ATTORNEY FOR U.S. TRUSTEE  
MICHAEL W. CARMEL, ATTORNEY FOR MICHAEL W. CARMEL, LTD.  
STEVEN D. JEROME, ATTORNEY FOR SOUTHWEST MEDICAL SERVICES, INC.  
KEITH L. HENDRICKS, ATTORNEY FOR TIMOTHY JOHNS  
KYLE S. HIRSCH, ATTORNEY FOR INDIGO-DLI HOLDINGS I, LLC  
MICHAEL JONES, ATTORNEY FOR CARDINAL HEALTH 411, INC.

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**Proceedings:**

Mr. Salerno provided an update of the case noting his law firm will substitute in as counsel. He previewed for the court a forthcoming motion to dismiss two pending appeals. Mr. Salerno advised an updated accounting report and an updated fee report for both counsel, one of which is sealed, are now filed.

#4

Mr. Salerno briefly stated his position. He advised debtor's books and records are held by Somerset and the debtor is in discussions with Somerset to release those records. Mr. Salerno requested 45 days to collect the records with the understanding that the court may deny the objection if the records are not produced. He will keep the court apprised of his efforts.

The court stated its initial analysis.

COURT: IT IS ORDERED CONTINUING THIS HEARING TO NOVEMBER 5, 2018 AT 1:30 PM.

#3

Mr. Jerome stated he is willing to withdraw the motion without prejudice. He reserved the right to refile the motion.

Mr. Carmel advised he filed a joinder with Mr. Jerome's motion and he supports the direction the matter is going.

COURT: THE MOTION IS WITHDRAWN WITHOUT PREJUDICE AT THIS TIME.

#1 and #2

Mr. Bernatavicius stated the parties have discussed the motion. He stated his position urging the case to be dismissed today under section 1112, and the court retain jurisdiction over four key areas which include (1) any pending adversary proceedings, (2) any relevant motions or proceedings occurring in this court regarding pending appeals in this case, (3) any further proceedings regarding this court's sanction order dated September 24, 2018 over the Brinkman, Portillo, Ronk law firm, and (4) any trust administration issues. Mr. Bernatavicius offered to draft a dismissal order to include certain proposed language as discussed. He confirmed the motion is supported by Mr. Salerno, Mr. Jerome, and Mr. Carmel.

Mr. Hendricks stated his position and requested a few days for the parties to discuss factual issues that need to be developed before a decision can be made. He stated his concerns regarding the unsigned trust document and the undisputed claims that are discussed within the Brinkman law firm accounting spreadsheets. Mr. Hendricks stated an accounting has to be more than just an unsubstantiated line item, and there needs to be a back-up. He discussed his concerns with the creditor oversight board.

Mr. Hirsch stated his client has not taken a position on dismissal and conversion. He discussed ongoing litigation in the receivership court. The court reminded Mr. Hirsch of its recent decision on the Palaniappan claim and the deadline for any party to file an interest in the funds held by this court's registry.

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COURT: IT IS ORDERED CONTINUING THESE HEARINGS TO NOVEMBER 5, 2018 AT 1:30 PM. THE PARTIES MAY WORK TOGETHER TO ARRIVE AT STIPULATIONS.

IT IS FURTHER ORDERED CONTINUING THE STATUS HEARINGS THAT ARE CURRENTLY SET IN ADVERSARY PROCEEDINGS 16-ap-00285, 17-ap-00010, 17-ap-00011, and 17-ap-00013 ON OCTOBER 24, 2018 AT 10:00 AM TO NOVEMBER 5, 2018 AT 1:30 PM.